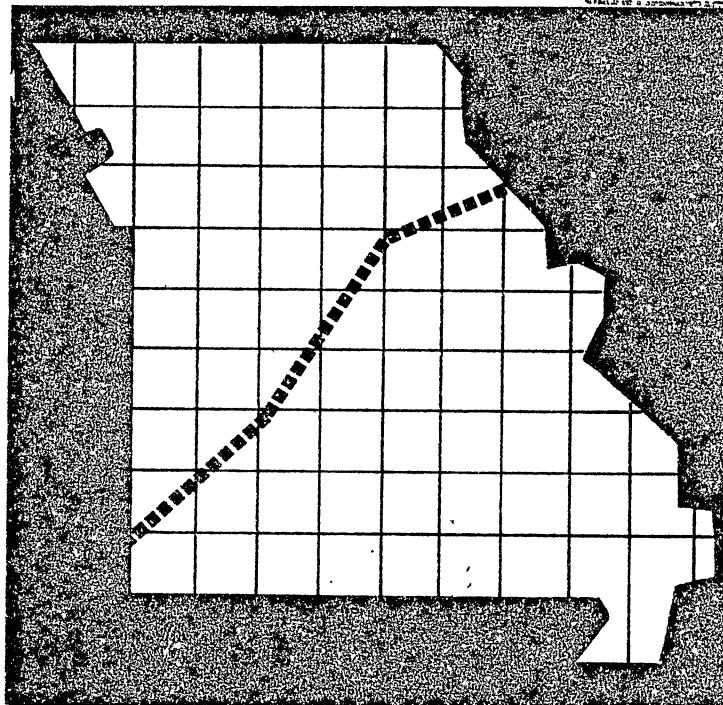


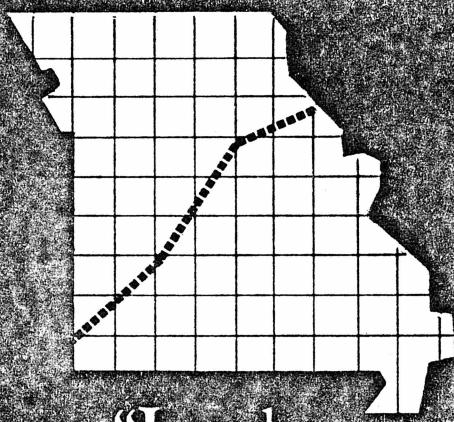
Missouri Economic Development

A strategy commitment
for the 80's.



An action program
for economic development:

- to better coordinate present programs
- to retain Missouri's business leadership
- to attract and build new jobs for the state
- to strengthen community and neighborhood development



“Local
initiative
is the key.”

Towards "a Dynamic Economic Development Program" for Missouri



By Governor
Joseph P. Teasdale

A dynamic economic development program is necessary to provide jobs, income, technology and tax revenues to make Missouri stable and prosperous. It is for this reason that special emphasis has been placed on building the right combination of state government programs which I feel will best enhance the state's chances for a strong and healthy economic future.

Missouri's development program is different from other states in several ways. Our communities—from the smallest neighborhoods to the biggest cities—are our basic building blocks, and local initiative is the key. Another difference is that our program relies heavily on tapping the leadership experience and expertise of the state's citizens.

This report is a result of one such citizen's group: the Economic Development Advisory Council. When I established the Council in June, 1978, I asked that it analyze the state of Missouri's economy and make recommendations on its findings. Also, I wanted it to advise and assist the state agencies contained in the Missouri Community and Economic Development Group as they engage in programs and activities that promote Missouri's economic growth.

This report is an important product of the Council's findings, and represents many months of research, work and commitment. It reflects independent judgment, recommendations and conclusions. It underscores my belief that only by tapping the talent, energy and knowledge of our citizens can we have an economic development program that matches the potential of our state.



An Executive Summary

Missouri currently exhibits a basically healthy economy in terms of such pivotal indicators as employment, industrial diversification, energy resources and technical innovation. But future success cannot be automatically assumed.

In the next decade, some 325,000 new jobs will have to be created or we will continue to lose what is perhaps one of our best assets: relatively young people between the ages of 20-39 who will be forced to find job opportunities elsewhere instead of pooling their talents, energy and enthusiasm to build a bright future here at home.

The 80's will also bring other dynamic challenges, such as chronic national inflation and dwindling energy supplies, and to address them, we must start planning now. One primary focus should be on stimulating more growth from "basic industries," which are those that bring in money from outside Missouri and spread it to other areas of the economy. Important sources for this include manufacturing, tourism, corporate and regional headquarter operations, research and technology and many more.

The competition for new jobs is tougher today than ever before, and our competitors are enacting special legislation and spending large sums of money and manpower to promote and enhance the growth position of their areas. Such action is beginning to place Missouri in a weakening comparative position. To maintain our business clout—to be leaders rather than followers—we must place a renewed emphasis on a planned economic development program, beginning with every neighborhood and community up to the whole state.

Therefore, Missouri's economic development strategy for the 80's must include:

- Proper funding for the Division of Community and Economic Development to enable it to design a more sophisticated and targeted economic marketing and promotion plan.
- A plan for future labor skill requirements.
- Development of an improved environment for labor/management relations.
- More responsive legislation, especially regarding capital formation for business growth and development.
- Expansion of state programs for existing business retention.
- Increased international programs for promoting Missouri exports and attracting reverse investments.
- Increased technical assistance for small business development.
- Improved coordination of all state economic development efforts.
- An immediate evaluation of state programs and legislation affecting economic development.

1 Missouri: a basically healthy economy.

2 Economic challenges ahead...and how to plan for them now.

3 Missouri and the "competition:" are we keeping pace?

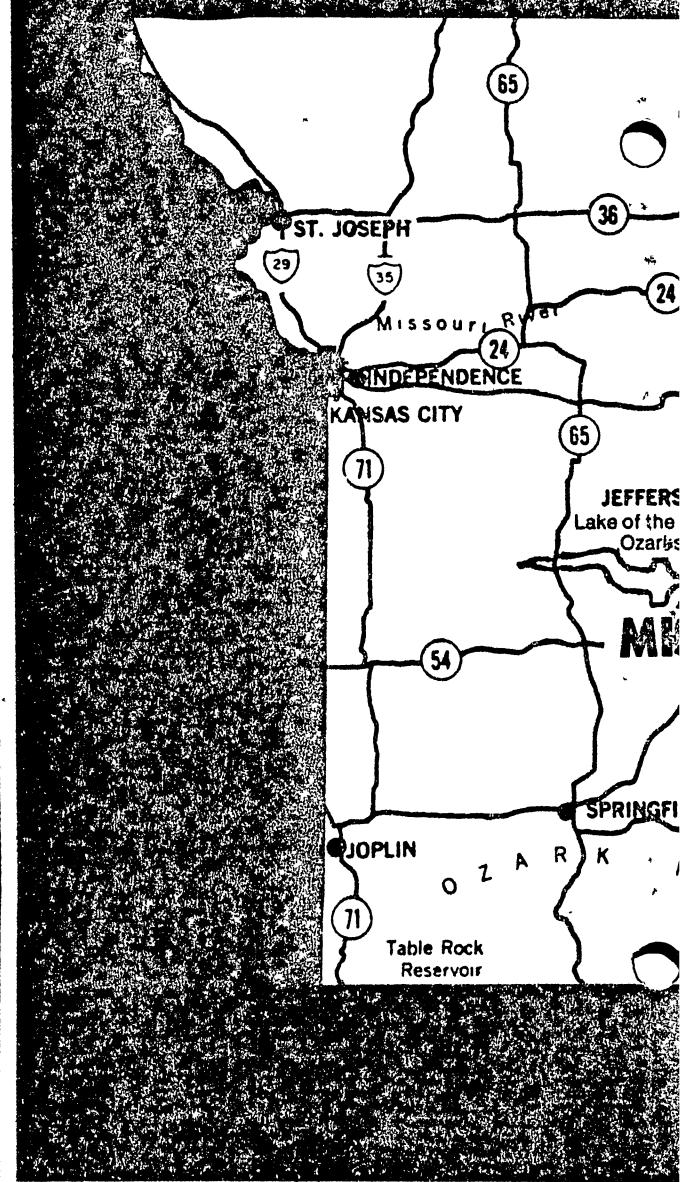
4 Basic objectives: where Missouri should be heading in the 80's.

5 Where to start: building on our existing business base.

6 Some best development opportunities in the decade ahead.

7 Why Missouri must "go international:" promoting Missouri exports, attracting reverse investments.

14 markers toward a development road map for the 1980's



8

Matching people and
jobs: how to assure a
quality labor supply in
the years ahead.

9

Missouri small
business: special
problems and
opportunities.

10

Rural, urban,
suburban, community:
development of the
whole state.

11

What do we do now?
An action package.

12

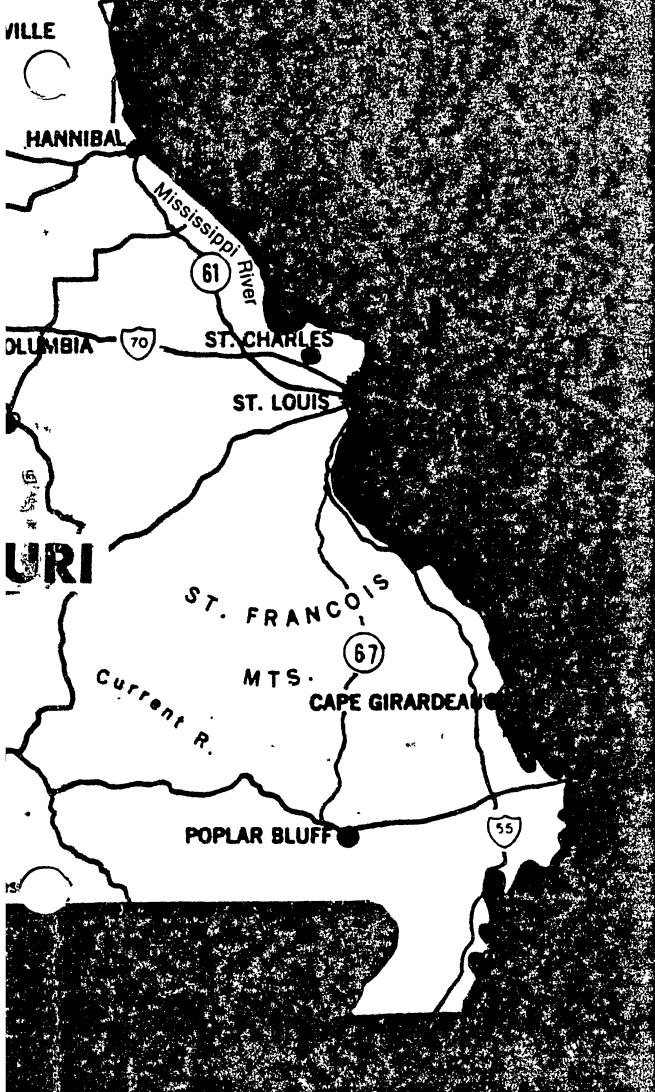
Who does what? A
role for everybody:
neighborhood,
community, state.

13

Suppose we do
nothing?

14

To build a strong state
economy.



1 Missouri: a basically healthy economy.

FAVORABLE ECONOMIC GROWTH

A glow of health has surrounded Missouri's economy during the past few years. The state has historically exhibited development factors as collectively favorable as any place in the nation. Let us count these blessings: natural and man-made.

Geographically, we sit virtually at the crossroads of America, and our cost of living is one of the lowest in the country. More of our 4.8 million people are employed now than ever before, with personal income levels rising about 13 percent annually. And at a time of world energy crisis, our sources, supplies and potential are all superior.

There is a wide-spread economic diversity. We have a long-time industrial tradition with lots of good companies, communities and workers. Manufacturing—with its many indirect as well as direct jobs—plays the pivotal role in our economy, generating 47 percent of total business income each year, and producing an annual product value of over \$30 billion. It is complemented by a thriving agricultural sector where cash crops have reached record highs. And an increasing number of our farm products are feeding the world.

Through the years, tourism has also had growing economic impact, stimulated by our excellent display of cultural opportunities and unique quality of life. It has emerged as our third largest industry in terms of the employment it provides and has succeeded in stretching broader boundaries for our economic base.

Like the nation, Missouri is gradually becoming urbanized. The state's five largest metropolitan areas—St. Louis, Kansas City, Springfield, St. Joseph and Columbia—now account for 64 percent of the state's population. But growth has not been restricted to urban areas alone. It reaches into all communities and neighborhoods of the state. In fact, most of the new manufacturing jobs generated by private development in the last few years have been in our nonmetropolitan areas.

Over the years, Missouri has pioneered policies that encourage growth and development. Through the Missouri Division of Community and Economic Development we have sponsored programs to assist in building strong urban, rural and neighborhood communities, while marketing the state across the globe for new business expansion.

Our attractive climate for growth has also included superior educational facilities and an excellent transportation network capable of penetrating world-wide markets. We have maintained an equitable tax structure and our state revenue collections now exceed government spending. There's no question that our efforts to build a dynamic state economy have borne fruit. But there is also no question that it will take planning, skill and effort to maintain this record of success into the 80's.

SUPERIOR ENERGY RESOURCES

STRATEGIC GEOGRAPHIC POSITION

WIDESPREAD ECONOMIC DIVERSIFICATION

64% OF POPULATION IN URBAN AREAS

STRONG URBAN RURAL AND NEIGHBORHOOD COMMUNITIES

EQUITABLE TAX STRUCTURE

2 Economic challenges ahead ...and how to plan for them now.

EDED: 325,000
W JOBS IN THE

In order to meet Missouri's natural population and employment growth needs, about 325,000 new jobs must be created throughout the next decade. In terms of optimum economic value, these jobs have to be found mainly in the so-called "basic" sectors of the economy, which are those areas that bring in earnings from outside Missouri and stimulate growth within.

AND \$10 BILLION IN
W INVESTMENT

But so far our current growth rate in these sectors is not adequate to meet job needs. To casually assume that it will effortlessly accelerate could be fooling ourselves. It has been estimated that in new capital investment alone, it will take \$10 billion to create the jobs we need in the 80's.

MISSOURI'S
GROWTH RATE
FALLS SHORT
OF U.S. AVERAGE

At the same time, we may be losing one of our best assets: Missouri's young, productive workers. Our economy is highly contingent upon age distribution, and Missouri is not keeping pace. The percentage of persons in their peak earning period—ages 20 to 39—is decreasing significantly. This group contributes substantially to boosting production demand and spending. But today it represents only one-fourth of the state's population, and continues to fall, while the percentage of people over age 70 has tripled.

YOUNG
PRODUCTIVE
WORKERS: WILL
THEY GO OR STAY?

There will also be other dynamic challenges facing Missouri in the 80's. National economic trends point to periods of chronic inflation and uncertain energy resources, which could dig right to the heart of our state-wide economy. Maintaining superiority or even parity here will require real work.

NATIONAL
ECONOMIC TRENDS
POINT TO CHRONIC
INFLATION
AND ECONOMIC
UNCERTAINTY

The national competition for new jobs has also grown keen. By an increasing number, states and municipalities are scrambling to adopt new pro-growth policies and legislation, some of them initially pioneered by Missouri. Such action can place Missouri in a weakening comparative position.

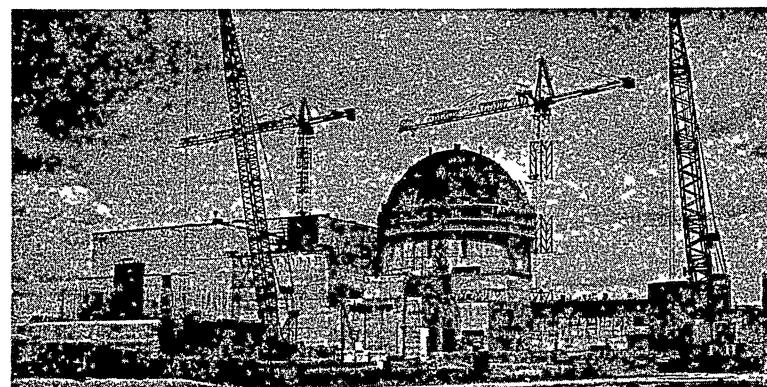
A strong economic future for Missouri cannot be built on past accomplishments alone. There are real dangers in complacency. To maintain our business leadership, we must place a renewed emphasis on a planned economic development program for every community in the state...now.

THE REAL DANGERS
OF COMPLACENCY

WEAKENING
COMPARATIVE
POSITION

EDED NOW: A
NEWED EMPHASIS

ONOMIC
VELOPMENT





3 Missouri and the "competition:" are we keeping pace?

TOUGHER
COMPETITION FOR
GROWTH AND
DEVELOPMENT

Efforts to stimulate economic growth and development in Missouri face tougher competition today than ever before. In addition to the 49 other states that actively promote business expansion, we must compete with an estimated 6,500 government, civic and private development groups that also market their wares in the U.S.

Each year they spend large sums of money and manpower to promote and publicize their business climate. And many enact special legislation to encourage economic development and gain industry's favor.

For example, from a list of incentive programs used throughout the country by governments in 1966 to attract new businesses, an accumulative total of 349 were offered. By the late 70's, that total had increased by 56 percent to over 500! This simply underscores the fact that nation-wide there has been an accelerated emphasis on stimulating economic development and new jobs.

A recent study by the University of Missouri registered these among other conclusions: "The state's marketing efforts must become more effective and efficient if Missouri is to keep pace...the state's development program is underbudgeted relative to other states."

To insure that Missouri does not slip behind, an immediate evaluation must be made of all legislation affecting new and existing business locations. Current reports, in fact, indicate that we have dropped to number 45 among the 50 states in expenditures for economic development programs. And some of our neighboring states have instituted progressive industrial financing programs and tax measures that appear to be giving them a competitive edge.

While adequate appropriations and enhanced incentives alone will not guarantee healthy economic growth, they should not be discounted. Moreover, a strengthened marketing and promotion effort is needed to communicate to the right people Missouri's natural advantages and business opportunities. This effort must be tightly organized and present Missouri to best advantage.

But first we must more clearly define where the state should be going in its economic development efforts, and determine some of the types of businesses, industries and jobs that would provide the best quality of life for our people. These might include major growth oriented firms engaged in research and development, energy related products and processing, or even corporate headquarter facilities.

DEVELOPMENT
BUDGETS AMONG
THE STATES, WE'RE
#45

INCENTIVE
PROGRAMS:
MISSOURI IS
LOSING ITS
COMPETITIVE EDGE

NOT ENOUGH TO
HAVE IT.
WE'VE GOT TO
MARKET IT

4 Basic objectives: where Missouri should be heading in the 80's.

To meet the challenges of the 80's, we must build on the assets, advantages and programs that set Missouri's growth in motion during past decades. The areas that hold the most potential for a broader economic base must be emphasized.

One primary focus should be on stimulating more growth from "basic industries", which bring in money from outside Missouri and spread it to other areas of the economy.

An important source for this is in manufacturing, which today provides more jobs than any other sector and stimulates about 47 percent of the state's total business income.

In view of this, heightened action must be taken to de-velop a more targeted approach to marketing Missouri's business assets. This must be done both within the state and on a national and international basis. And, we must continue to stress innovative programs that strengthen local community-based economic development projects.

New ways also should be explored to use Missouri's abun-dant natural resources to maximum advantage. We have merely scratched the surface of opportunities in our agricultural and agribusiness sector, and our vast supplies of coal remain relatively untapped. Missouri's other great mineral resources—iron ore, lead and clay—could provide yet other unique areas for development.

There will be unparalleled rivalry and competition among regions, states and communities for new jobs and growth throughout the 80's. More specifically, there will be about twenty-five times more sellers than major buyers in terms of major facilities locations. It won't be enough to simply meet the competition. We must keep Missouri as a business leader rather than a follower. We must underline the notion that industrial and business growth provides stable, permanent direct and indirect jobs, and extends the state's tax base.

Spearheading the state's economic growth efforts during the next decade will continue to be the role of the Missouri Division of Community and Economic Development. The Division's professional staff of marketing and community development experts will be challenged to provide maximum exposure for Missouri's economic development efforts at high cost efficiency. But we must insure that there is an adequate budget to do the right kind of expanded job in the perspective of both increased national and international economic problems and more vigorous competition within the area development community.

A BROADER
ECONOMIC BASE

MORE DEPENDENCE
ON
"BASIC INDUSTRIES"

SELECTIVE
APPROACH TO
MARKETING THE
STATE

ABUNDANT
NATURAL
RESOURCES:
USING THEM TO
MAXIMUM
ADVANTAGE

MEETING AND
BEATING
THE COMPETITION

A BIG ENOUGH
BUDGET TO DO THE
JOB



5 WHERE TO START: building on our existing business base.

60-80% OF NEW JOBS
FROM LOCAL
SOURCES

SUCCESSFUL
ECONOMIC
DEVELOPMENT
BEGINS AT HOME

BUT EXISTING STATE
BUSINESS PROGRAM
IS UNDER FUNDED

KEEPING MISSOURI
BASED EXPANSION
IN MISSOURI

THE KEY:
CONTINUED
COMMUNITY
DEVELOPMENT

Despite much national propaganda to the contrary, the most important source for new job growth is not always from new enterprises outside an area. The fact is that between sixty and eighty percent of new jobs are created when existing business expands. In other words, successful economic development begins at home.

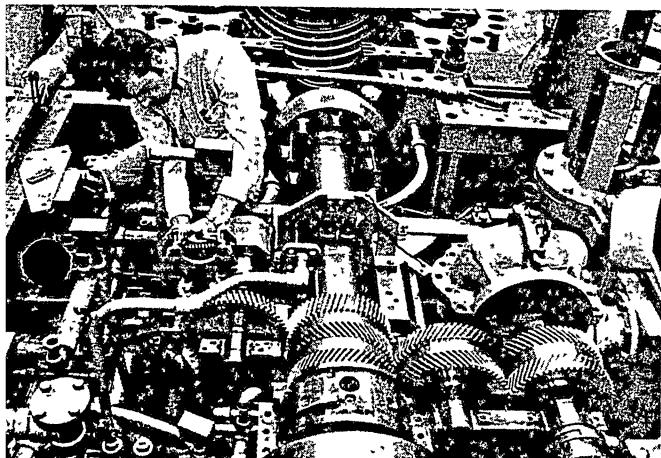
It is reasonable, then, to assume that we must place our first priority on encouraging home-based business to expand to support maximum stable development.

In order to reach these businesses, the Division of Community and Economic Development has recently instituted an Existing Business Assistance Program. The Program's staff works to expose these firms to the special business related services of various government agencies. Such services include industry financing mechanisms, employee training programs, export promotion assistance, marketing services and many more.

The objective is right on target, but with only two employees, the Program is understaffed and funding has not received adequate attention, especially in view of the fact that there are over 6,400 manufacturing firms located in Missouri. To keep Missouri-based expansion in Missouri, we must strengthen and make this program a prominent part of our economic development strategy throughout the 80's, particularly for the great majority of home-grown firms that are in the small or medium-sized category.

Our Community Development Program can assist in meeting this challenge. The Program encourages total community involvement in the economic development process, and emphasizes the fact that an informed and active community can play the most important role in determining its economic future.

Too many states and communities offer glamorous incentives to lure outside companies, while overlooking their own corporate citizens. We believe this emphasis can—and should—be reversed in Missouri.



6 SOME BEST development opportunities in the decade ahead.

MATCHING THE PRODUCT TO THE CUSTOMER

As the quest for new plant locations and expansions becomes more sophisticated and competitive, we must define with greatest care the businesses and industries that stand the best chance of a profitable location in Missouri. Put simply, we must match the product to the customer.

The more tightly we can research and focus our sights, the more successful and efficient our efforts will be. The assignment is no easy one, and can fluctuate regularly. Not only do national economic trends come into play, but we must consider such factors as the industry's growth and stability, introduction of new technology, labor requirements, and industry structure and desirability.

We also must determine if Missouri meets the business or industry's requirements of natural resources, market location, transportation and a host of other measures.

In the manufacturing sector, there are some "probables" which seem good prospects according to authoritative outside consultants, and some "possibles," which appear somewhat less favorable. A partial list of these target firms would include the following industrial categories: (a) electrical machinery, (b) measuring instruments, (c) drugs and pharmaceuticals, (d) food products machinery, (e) metalworking machinery, and (f) medical instruments.

Within these broad industry groupings, there are literally hundreds of firms that could profitably locate in Missouri, and they must be approached on as selective and efficient a basis as possible.

There are also many nonmanufacturing firms and businesses that stimulate high levels of economic growth and should be included on our list of best opportunities. Examples of these include regional and headquarters operations of large companies and associations, research and development facilities, commercial insurance companies, and data processing firms. The state is already experiencing some degree of success in attracting these businesses, but efforts should be accelerated, especially since U.S. Census projections indicate that these are good candidates for stable growth in the 80's.

A particularly important potential exists in agribusiness, the area where Missouri's impressive manufacturing and agricultural sectors intersect. Tourism and convention business are also major economic growth sources ripe with potential for the state. It is estimated that tourists now spend close to \$3 billion in the state each year, which circulates throughout our economy generating important payrolls and providing substantial tax revenue.

LIKE RESEARCH & DEVELOPMENT, CORPORATE HEADQUARTERS, AGRIBUSINESS, DATA PROCESSING, OTHERS

MANUFACTURING: SOME PROBABLES AND POSSIBLES

ALSO NON- MANUFACTURING

TOURISM AND CONVENTIONS: A \$3 BILLION INDUSTRY

Professional economic development must, in essence, be marketing and promotion oriented. While existing efforts employ some sophisticated techniques, additional resources are needed to address the whole spectrum of economic development opportunities. And because the universe of expanding manufacturers and businesses is narrow in scope, the most successful approach will not be with a shotgun. We must perfect the "rifle shot" and even equip it with a telescopic sight! —

PERFECTING THE
"RIFLE-SHOT
STRATEGY"



7

Why Missouri must "go international:" promoting Missouri exports and attracting reverse investments.

FOREIGN
INVESTMENTS
IN U.S.
NOW TOTAL
\$40 BILLION

Economic issues of the past years and even months have led to an unprecedented rise in investments by foreign firms in the U.S., now totalling about \$40 billion. While foreigners began building plants and putting Americans to work, enterprising U.S. businessmen at the same time were finding lucrative new markets for their products abroad.

MADE IN U.S.A.:
EXPLORING NEW
FOREIGN MARKETS

MISSOURI'S
CENTRAL MARKET
POSITION: A
PIVOTAL
ADVANTAGE FOR
FOREIGN INVESTORS

In the ensuing scurry for new business activity, some foresighted states and development groups opened special foreign offices to make sure they got a share of the bounty. Today, just about every state is represented abroad, and the competition for investments and exports is growing keen.

THE DUAL ROLE
OF MISSOURI'S
GERMAN OFFICE

65 FOREIGN
BASED FIRMS
CALL US HOME

Missouri's central market position in the U.S. became a pivotal advantage for attracting foreign investments, and in 1977 the state opened an office in Duesseldorf, Germany. The office, organized through the Division of Community and Economic Development, has the dual role of locating overseas markets for Missouri-made products, and stimulating foreign direct manufacturing investments in our state.

For many international firms, Missouri represents an alternative to the high business taxes, dwindling energy and other natural resources, and spiraling transportation costs in other areas of the nation. There are currently sixty-five foreign-based firms with manufacturing facilities in the state, a figure which is growing each year. The largest investments have been made by firms based in the United Kingdom, the Netherlands, Germany and Japan.

EXPORTS NOW IN
BILLIONS—WE'RE #15
AMONG STATES

DEVELOPING ASIAN
MARKETS, THERE'S A
WIDE VOID

The Missouri Department of Agriculture, eager to increase sales of farm-related products abroad, has also placed an agricultural development specialist within the Duesseldorf office, bringing total staff to four.

Our state has climbed to the number fifteen position nationally, but selling Missouri products abroad holds yet undeveloped potential. And this is the reason Missouri's Agricultural Department has opened an office in Asia, an area rich in potential buying power. But the office functions to promote sales of agricultural products only, leaving a wide void in developing Asian markets for Missouri manufactured goods, a particularly important possibility as more than one-billion Asians move rapidly into the twentieth century.

The Division of Community and Economic Development will remedy this if requested funds are granted to open an office there. The office would be a special asset to the medium and smaller sized Missouri companies which have limited resources for developing global markets. It would be a stimulus for creating new jobs and expanding economic activity. And it would return our investment many times over.

NEW ASIAN OFFICE
A GOOD RUN
FOR OUR MONEY

8 Matching people and jobs: how to assure a quality labor supply in the years ahead.

LABOR POOL NOW EXCEEDS 2 MILLION

More than 60,000 young people enter Missouri's work force each year. They join a pool of over two million men and women who keep our industries and businesses running each day.

Matching people and jobs is critical to the state's overall development efforts. They must be viewed in tandem, each depending on the other for livelihood.

Clearly, any attempt to chart Missouri's economic growth must include a plan for labor skill development that parallels any targeted new jobs. Any other course would be self-defeating.

Missouri's work force today is primarily skilled and semi-skilled. Education levels are good, and there are trained workers at almost every industrial classification. Our network of vocational-educational schools offers wide-range instruction in important technical and business skills. And we must continue to support programs that insure modern, up-to-date vo-tech programs and vigorous on-the-job training efforts. In the end, it is often the productivity of the individual man or woman behind the lathe or desk that determines whether a business—or a state development program—succeeds or fails.

It is also important that we maintain a labor atmosphere and image that is conducive to business productivity and expansion. Traditionally, labor and management groups have sometimes been viewed as adversaries. But the need for economic development job creation is of vital interest to both, and they must work together in this joint venture.

Groups in the St. Louis and Kansas City areas are pioneering labor-management programs with great success. The St. Louis Regional Commerce and Growth Association has instituted a special Spirit of St. Louis Labor-Management Committee in an effort to broaden communications and continue improvements in labor-management relations. In Kansas City, a similar committee has been formed.

Using these programs as models, state government should now begin to explore programs in this area. A state-level Labor/Management Council might be the answer. It could improve and build better relations between the two groups. Its organization structure might include labor, management and union officials. If it can translate into higher productivity at every level, not only will management and labor profit, but so will the entire state.

NEEDED: A PROGRAM FOR JOB SKILL DEVELOPMENT

OUR CHALLENGE:
MAINTAINING
PRODUCTIVE LABOR
ATMOSPHERE
& IMAGE

URBAN AREAS
PIONEERING LABOR
MANAGEMENT
PROGRAMS

NEEDED: A STATE
LEVEL COUNCIL



business: special problems and opportunities.

MOST MISSOURI BUSINESS IS "SMALL"

Most Missouri businesses are "small," which is to say they employ less than 20 people. Yet national studies recently sponsored by the U.S. Economic Development Administration show that each year these firms generate about 60 percent of all new jobs.

But there are special problems which cripple and inhibit the growth of small business firms. These frequently include poor management practices, inadequate financing and wrestling with government regulations.

The potential for small businesses in Missouri is enormous, and in order to reach out to these smaller, volatile firms, the Division of Community and Economic Development has begun sponsoring special workshops around the state to expose the full spectrum of state services that might provide a helping hand.

Unfortunately, these services are at present few. It's primarily because this important group of energetic entrepreneurs has traditionally lacked the organization and voice to let its problems be heard. But as they are now coming to the forefront, serious questions are being raised concerning state initiatives for small business.

To provide clear answers, there should be a thorough review of state legislation, regulations, policies and practices which affect the creation and operation of small business firms in Missouri. Only when this is properly done, can we provide a co-ordinated forum to address their needs.

One immediate problem for small firms is with expansion capital. Although they may generate as much as two-thirds of new job opportunities, these businesses have limited access to financing. A meaningful measure that could offer immediate aid would be a state bond guaranty program designed especially to provide state backing or a guarantee for industrial revenue bonds issued for small businesses.

Programs of this nature have met a high rate of success in some of our neighboring states, as well as across the country.

The Division of Community and Economic Development also has been especially helpful to small and medium-sized firms in the area of export assistance. These companies do not have the resources like most large and multinational businesses, to develop markets abroad. They need an export "representative" abroad, and that's what the Division provides them.

During the past two years, the International Division of CED has assisted over 330 firms with export market sales efforts. But an increased emphasis by state government is necessary toward all small business development. With an adequate staff and budget CED could provide the special programs.

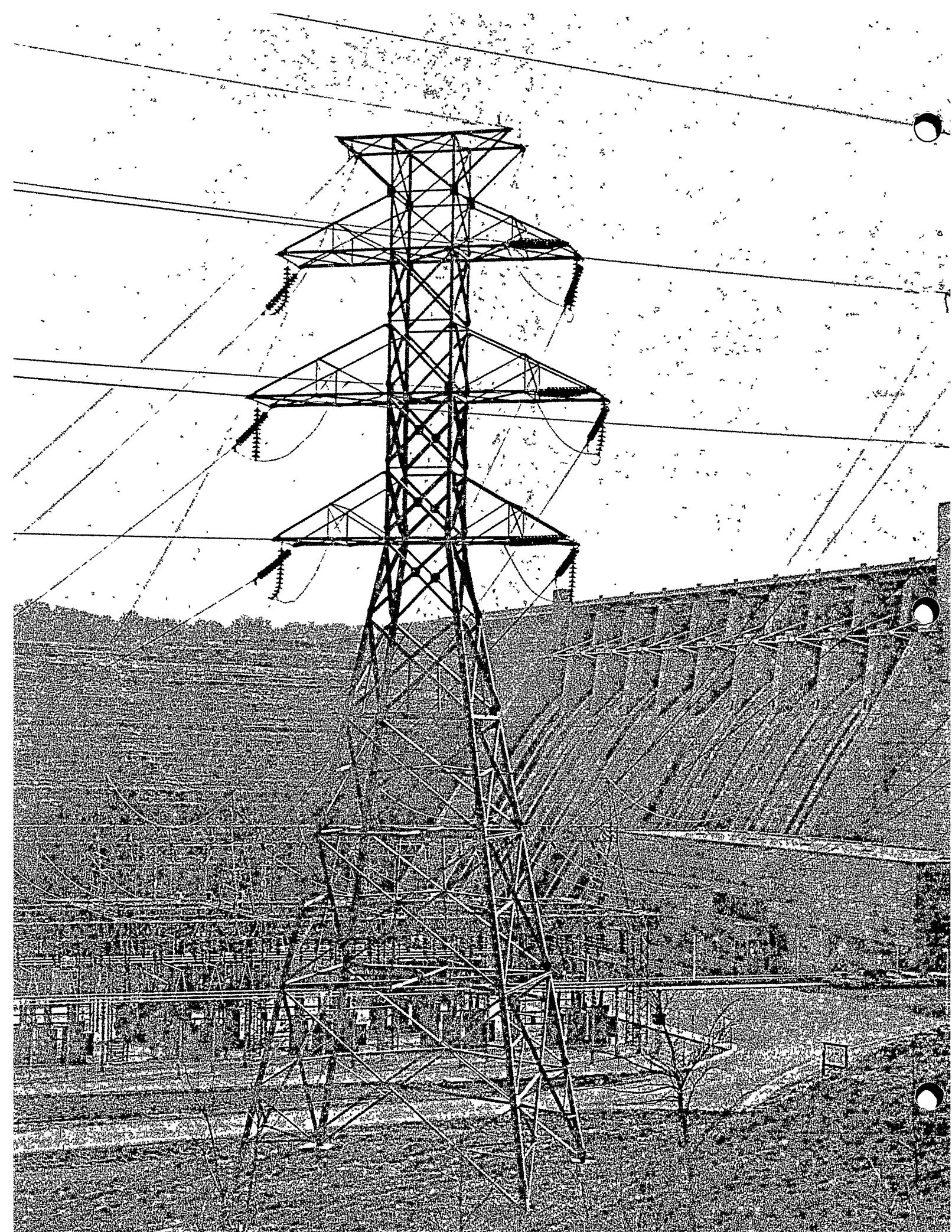
FEW SERVICES AND ASSISTANCE FOR SMALL BUSINESS DEVELOPMENT

STATE BOND GUARANTY MEASURES COULD PROVIDE HELPING HAND

NEW STUDY SHOWS 60% OF JOBS COME FROM SMALL BUSINESS

A MUST: A COORDINATED FORUM TO ADDRESS SMALL BUSINESS NEEDS

SPECIAL OPPOR- TUNITIES EXIST IN INTERNATIONAL PROMOTION



10 Rural, urban, suburban, community: development of the whole state.

Within most Missouri cities and communities there is an economic development group or agency working to stimulate growth and progress. In many areas, large sums of money and manpower support this effort. In fact, the annual economic development expenditures of some of our major urban centers exceed those of our state government.

It is no surprise, then, when duplication of efforts surface. This is a costly and grossly inefficient approach to achieving state-wide growth. For this reason, new emphasis must be placed on a unified program that will closely coordinate and stress state-wide cooperation and interdependence for favorable economic development.

The Division of Community and Economic Development should become the catalyst in this unifying effort. It should serve all communities and economic development professionals by supplying economic data and technical assistance. The Division brings together two important programs whose goals are intertwined: Community Development and Commerce and Industrial Development.

This unique organizational structure acknowledges three basic principles:

- (1) commercial and industrial development are essential to community progress.
- (2) economic development (and the jobs, income, and tax revenue it brings) must precede and underpin social services.
- (3) local governments and neighborhood communities must play the primary role in planning and implementing their own community and economic development programs.

A vigorous thrust of the Division is to assist communities in defining and polishing their "unique selling proposition" for business and industrial growth. This is being achieved through a community betterment and recognition program, commending outstanding instances of successful community development. In essence, the program underscores the claim that economic development begins at the grass roots.

Gearing up now for the community development opportunities of the 80's is essential. There are especially some rural areas in the state where lack of resources and direction has brought economic instability. Special programs should be developed to meet these needs. Once again, a state authorized industrial bonding or loan guaranty program could provide the necessary capital these projects require.

Another possibility is to explore economic activities like tourism facilities and agribusiness ventures where such areas have special advantages. But here again, programs should not be "force-fed" by the state but rather should be initiated and supported at the local, community and neighborhood level.

ECONOMIC DEVELOPMENT FUNDS OF OUR MAJOR URBAN CENTERS EXCEED STATE'S

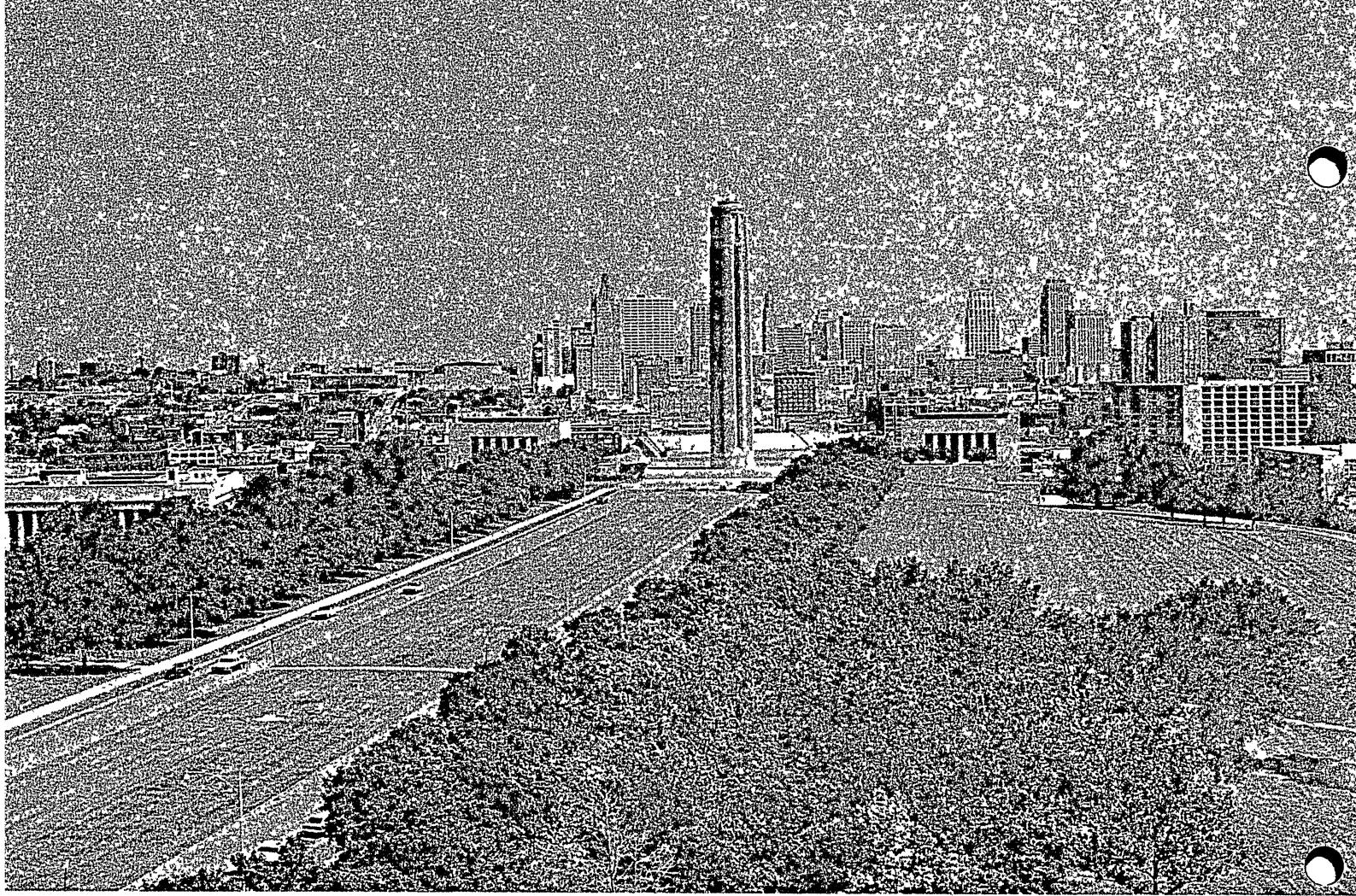
FINDING EACH COMMUNITY'S "UNIQUE SELLING PROPOSITION"

RURAL AREAS: SOME SPECIAL PROBLEMS

DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT SHOULD BE CATALYST

GEARING UP NOW FOR THE COMMUNITY DEVELOPMENT OPPORTUNITIES OF THE 80'S

A POSSIBLE SOLUTION: EXTENDING INDUSTRIAL BONDING CAPABILITIES



11 What do we do now? An action package.

Beginning now, we must chart a course of action that will offer the right stimulus and direction for a strong Missouri economy throughout the next decade of the 80's. The co-ordinating base for this effort should be the Missouri Division of Community and Economic Development.

But to do the type of job that is urgently needed, the Division first must have the support of state government and its leaders. It also must have an adequate budget, in line with expanded needs and development competition.

The Division's program and funding requests address important issues and actions vital to future economic expansion in the decade ahead. They include expanded emphasis in areas of small business assistance, international export opportunities for Missouri manufacturers, capital formation and business loan guarantees, marketing and promotion, research, community and neighborhood betterment programs and several others.

Some of these programs were targeted for special study by the Governor's Economic Development Advisory Council, which is composed of business, community and labor leaders from across the state. The Council represents a voice from the private and civic sectors, and as such should play an important role in issues related to the state's future stable economic growth. Based on its two-year record, it should now become a permanent entity under state statutes. This will permit not only continued achievement, but the possibility of longer-term planning, an economic development necessity.

Missouri's action package for economic growth also should include a monitoring system for development-related legislation at all levels, including state, local and federal. We must insure that Missouri has a legislative climate that continues to be cordial toward economic development, especially for those companies already resident in our state.

There are some special regional development issues related to Missouri. These focus upon the large urban and metropolitan centers on both our eastern and western borders which flow into partnerships with neighboring states. Because their futures are so closely intertwined, special cooperation and "a good neighbor policy" are imperative.

Our state-wide action package should incorporate multi-state activities that we can share for future mutual economic well-being.

Just as Missouri's neighboring communities are dependent upon one another, so is the state itself to a considerable extent also dependent upon its neighbors.

FOR CED:
AN ADEQUATE
BUDGET

MAKE
ADVISORY COUNCIL
A PERMANENT
ENTITY

A LEGISLATIVE
CLIMATE CORDIAL
TO ECONOMIC
GROWTH

EXPANDED
EMPHASES FOR:
SMALL BUSINESS,
EXPORTS, CAPITAL
FORMATION,
INDUSTRIAL BONDS,
MARKETING,
OTHERS

LONG TERM
PLANNING
A NECESSITY

AND TOWARD SUR-
ROUNDING STATES
A "GOOD NEIGHBOR
POLICY"



12 Who does what? A role for everybody: neighborhood, community, state.

WHERE THE
REGIONS AND
THE COMMUNITIES
FIT IN

Designing an economic development strategy for Missouri demands partnerships, not only among the various agencies of government, but between and among the public, private and social sectors of our economy.

The best approach, we believe, should begin at the local level. This method recognizes that a community closest to its problems and potential is the one that can best identify and solve them. It challenges communities to decide exactly what they want in economic development, to prepare and plan for it putting their own wealth and resources first.

The role of state government should be auxiliary and collaborative: It should provide communities with information to enable them to make the right choices. And it should provide services, talent, and sometimes funds to complement and assist local development efforts.

An important part of the state's role should include special marketing assistance. This means promoting Missouri and all its communities both nationally and internationally, advertising and publicizing the state's advantages for new business and industry and assisting local communities in their meetings with business prospects.

These activities are currently available through the Division of Community and Economic Development. But the program needs stronger emphasis. It should be broadened for more outreach. Missouri has one of the strongest economic development stories to tell in this country. But it must be told!

The support of the state legislature is crucial. It must continue to seek out the best laws and initiatives that create a favorable climate for state wide economic growth and stability.

All of the economic development factors explored in this report —building a stronger local economic base, providing competitive capital incentives, defining optimum economic activities, encouraging heightened productivity, providing special services for smaller firms, building exports and all the rest —depend in major measure on the right legislative framework. So does the overall future of the state's employment, income, technology and tax reserve.

NEED FOR
MARKETING,
ADVERTISING
AND PROMOTION

THE GOVERNMENT
AND THE
LEGISLATURE:
PROVIDING THE
RIGHT SERVICES,
TALENTS,
RESOURCES

MISSOURI HAS A
STRONG ECONOMIC
DEVELOPMENT
STORY TO TELL,
BUT IT
MUST BE TOLD

FAVORABLE
ECONOMIC
DEVELOPMENT
DEPENDS ON
LEGISLATIVE
FRAMEWORK

NOTHING
NOTHING
NOTHING
NOTHING
NOTHING
NOTHING
NOTHING
NOTHING
NOTHING
NOTHING

NOTHING

NOTHING

NOTHING

13 Suppose we do nothing?

OUTLOOK
FOR THE 80'S:
ECONOMIC
RISKS AND
UNCERTAINTIES

HOW WE COULD
LOSE OUR
"COMPETITIVE
EDGE"

Already, some not so entirely favorable signs of the times for the 80's have emerged. They point to a new slate of economic risks and uncertainties. To do nothing short of assuming that Missouri is in shape to meet them would be perilous.

This attitude is especially dangerous in view of recent trends toward an aging Missouri population and a narrowing economic base. If we do nothing to blunt their impact, the state could, over time, have more tax eaters and less tax payers. The burden on both business and its employees could become overpowering.

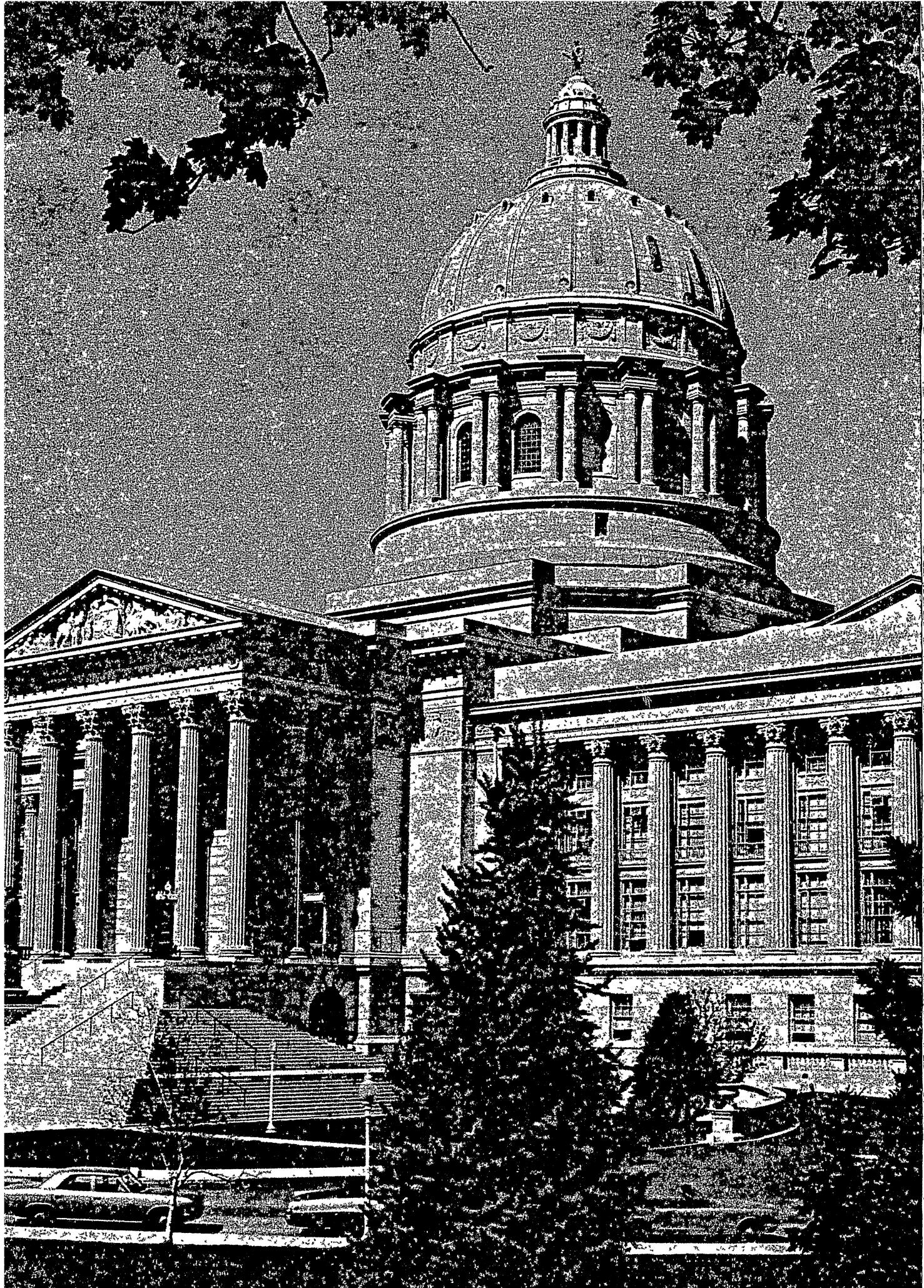
This type of complacency presents another strategic problem: we could lose our competitive edge. Many states and other areas of the nation, bent on building an aggressive program for economic expansion, are instituting bold policies, initiatives, and development budgets that provide dynamic incentives for growth and development. To let Missouri slip behind them would place us in an unnecessarily defensive and weak position. We would become the followers rather than the pacesetters, which has been our tradition.

To do nothing means to stand still, to become stagnant. From local community neighborhoods on up, this can translate into a lack of direction, morale and sense of purpose. Moreover, it can chisel away and encourage erosion in the strong business and industrial base the state has built.

Losing people, jobs and economic vitality by doing nothing is the surest way to invite slow deterioration or even major economic disaster.

AN AGING MISSOURI POPULATION...
MORE TAX EATERS,
LESS TAX PAYERS

WE CAN'T STAND
STILL; WE CAN
SLIP BEHIND



14 To build a strong state economy.

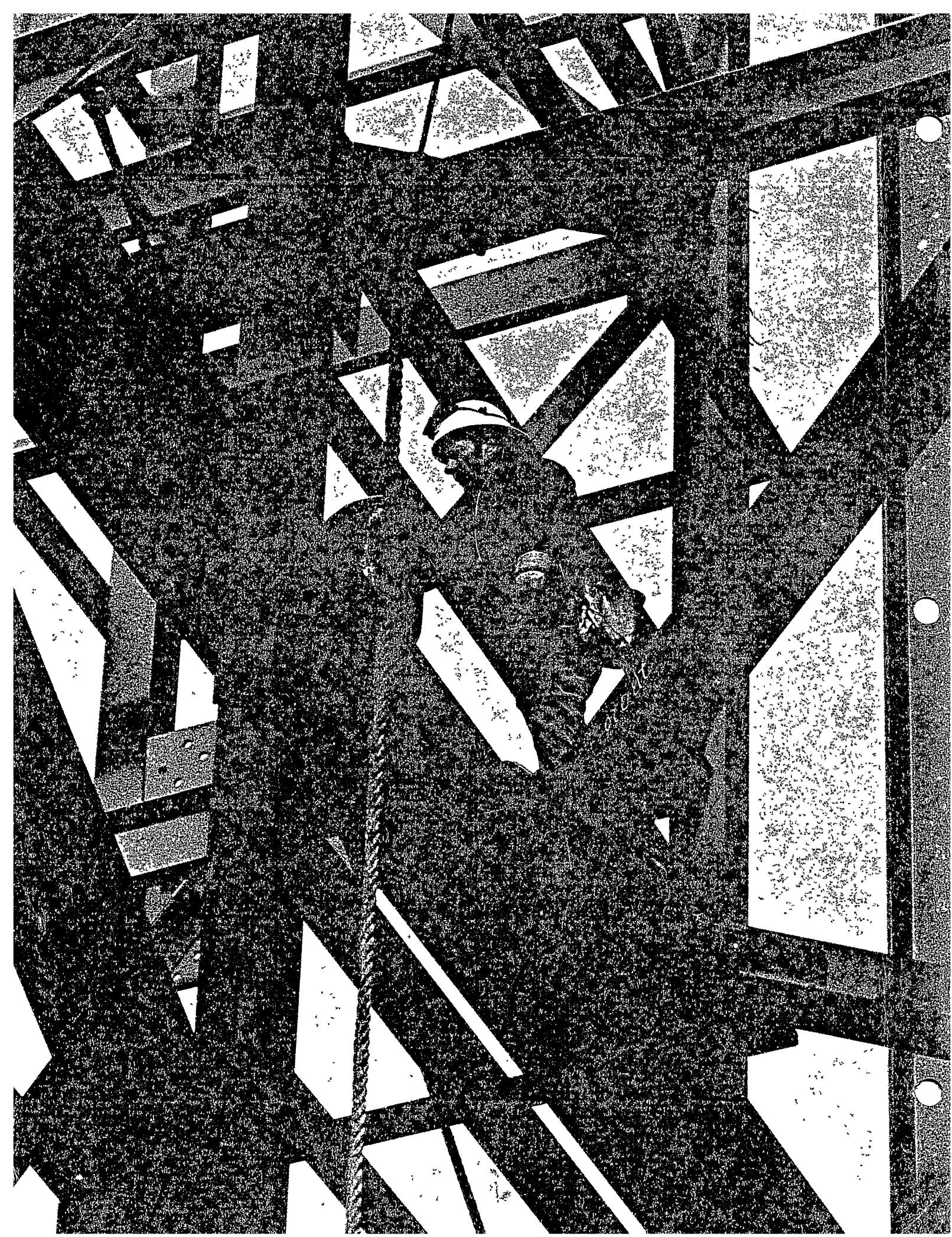
The Economic Development Advisory Council represents a more direct approach than ever before to addressing the issues surrounding Missouri's economic growth. The Council, which has state wide representation, has worked as an energetic team, studying and analyzing the special economic problems and challenges ahead. Our commitment to the task has been held together by a common thread: as Missouri residents, we each have an important stake in the state's future.

We can all be proud of the advancements Missouri has made to date in building a strong state economy. We have had some fine programs to stimulate this growth. But new challenges are on the horizon. And it will take continued citizen and government input to meet them.

This report is the Council's first effort toward developing a wise agenda for Missouri's continued growth and expansion. In formulating it, the Council relied heavily on the staff of the Missouri Division of Community and Economic Development. To them, we extend a special thanks for guidance and assistance.

But our work cannot stop here. Using this report as our framework, our challenge now is to design a state wide marketing strategy that will pinpoint the specific areas that hold the most potential yet for future growth and development. Designing and implementing such action could make a strategic difference in our economic "bottom line" during the next decade.

But while the strategy should be tightly focused on our needs, it should be highly responsive to our basic goal of providing an optimum quality of life for our citizens.



Governor's Economic Development Advisory Council

EXECUTIVE COMMITTEE STRUCTURE

Chairman	Gregory D. Flotron	President, Flotron Investments St. Louis
Co-chairmen	Charles Curry	Chairman of the Board Home Savings Association Kansas City
	Carl E. Yates	Attorney Yates, Mauck & Robinett Springfield
Special Committees: Economic Development Strategy	Chairman: James M. O'Flynn	Business Affiliation: President, St. Louis Regional Commerce & Growth Association
Legislative	James W. Monroe	Executive Director, Kansas City Area Economic Development Council
Ozarks Regional Commission Task Force	Carl E. Yates	Attorney Yates, Mauck & Robinett Springfield
Labor & Employment	James Meyers	President, Missouri State Labor Council, AFL-CIO Jefferson City
Marketing	E. Joe DeLong	President, DeLong's Inc. Jefferson City
Environmental Quality	Howard C. Tooke	M. E. Leming Lumber Company Cape Girardeau
International Business Development	James L. McHugh	President, International Division Pet Incorporated St. Louis
Transportation	Leland E. Stalker	General Manager, Sears, Roebuck Co. St. Ann
Economic Development Foundation	Dick Aylward	Aylward Products Company Kansas City
Community Development	Dale Angel	Director of Research, Midcontinent Farmers Assoc. Columbia
Existing Business	Math D. Howell	Sales Representative Missouri Portland Cement Co. Springfield
By-laws	Nick Riggio	Attorney St. Louis



A publication of the Governor's Economic
Development Advisory Council

P.O. Box 118
Jefferson City, Missouri 65102
314.751.3600